INFORMATION LETTER

Not for Publication — NATIONAL CANNERS ASSOCIATION — For Members Only

No. 1319 — Washington, D. C. — January 6, 1951

ESA Interprets Voluntary Fair Pricing Standards With Respect to Food Processors and Distributors

Further amplification of its voluntary pricing standards, with particular emphasis on the food industry, has been issued by the Economic Stabilization Agency. As the result of requests for clarification, it was emphasized by Michael V. DiSalle, Director of Price Stabilization, that the voluntary standards do apply to processors and distributors of agricultural commodities.

The President on January 4 said that the farm parity provisions of the price control law must be amended. To eliminate the parity floor on farm prices would mean scrapping the entire parity system.

The ESA announcement stated:

"The announced 'Voluntary Standards' provide a generally fair and equitable method of pricing by processors of agricultural commodities and by food distributors as well as by all other manufacturers, industrial producers and distributors. The 'Voluntary Standards' provide necessary flexibility in the pricing of products processed from agricultural commodities and recognize the fact that some agricultural prices are below the parity or other legal minimum level established in the Defense Production Act of 1950.

"(a) *Processors of agricultural commodities.* The 'Voluntary Standards' contemplate that prices may not be increased by any processor whose net dollar profits before taxes are equal to his average net dollar profits before taxes in the period 1946-1949. If there should be an advance in costs of raw materials, processors are not precluded from increasing their prices to reflect such higher costs, provided, however, that such higher costs cause the processor to earn less than his average net dollar profits before taxes in the period

(Please turn to page 4)

Annual Index

The 1950 annual index of the INFORMATION LETTER covering all issues from January 7 (No. 1268) to and including December 30 (No. 1318) is enclosed with this issue of the LETTER.

DiSalle, Convention Speaker, Given Full Pricing Authority

Michael V. DiSalle, Director of Price Stabilization, was given full authority this week to perform all the functions with respect to price stabilization.

In an order from ESA Administrator Alan Valentine, Mr. DiSalle was given responsibility for instigating and carrying out pricing actions under the general supervision of Dr. Valentine. Previously, Mr. DiSalle had worked only under Dr. Valentine's authority.

Mr. DiSalle, it was announced in the INFORMATION LETTER last week, will appear on the 1951 Convention program of the N.C.A. He will be a featured speaker on the Special War Mobilization Conference scheduled Saturday, February 17.

Mr. DiSalle, an attorney, was appointed Director of Price Stabilization

(Please turn to page 3)

NPA Studies Order Limiting Tin in Collapsible Tubes

An order limiting the tin content of collapsible tubes is being developed by the National Production Authority for issuance soon.

Members of the Collapsible Tube Manufacturers Advisory Committee proposed to NPA that tin be eliminated from metal tubes containing shaving cream, and that the use of both tin and aluminum be reduced in metal tubes used for packaging many other products.

The advisory committee met with NPA officials on January 3. They also set up a task group to make specific recommendations regarding the tin content of tubes used in packaging.

NPA officials said that a tin order limiting the tin content of collapsible tubes is designed to help the industry maintain present production levels and at the same time effect considerable savings of tin and aluminum.

Excess Profits Tax

The President on January 3 signed into law the bill establishing an excess profits tax on corporations. An analysis of the law is being prepared by Association Counsel and will be published soon in the INFORMATION LETTER.

Authority over Production and Allocation of Food Remains In Secretary of Agriculture under New Defense Set-Up

By Executive Order, the President on January 3 established a Defense Production Administration to provide coordination and direction to the production phase of the mobilization program.

The President appointed William H. Harrison as Defense Production Administrator and delegated to him many of the powers previously assigned to other agencies.

However, in the case of food, it was explained by Charles E. Wilson, Director of Defense Mobilization, that Mr. Harrison's powers "are confined to the industrial uses of food. The Secretary of Agriculture will, of course, continue to administer the agricultural production programs, and will also exercise whatever allocation and other powers may be needed in connection with distribution of food for human and animal consumption."

The President's Executive Order also established a Defense Mobilization Board, consisting of the Director of Defense Mobilization (Mr. Wilson) as chairman, and the Secretaries of Defense, Treasury, Interior, Commerce, Agriculture, and Labor, and chairmen of the RFC, Federal Reserve, and NSRB.

The government's defense mobilization set-up under the Defense Produc-

(Please turn to page 3)

SCHEDULE OF PRINCIPAL EVENTS OF THE 1951 CONVENTION

(Details announced to date; subject to revision)

Wednesday, February 14

9:30 a.m.—Meeting of N.C.A. Scientific Research Committee, Room 10, Hotel Stevens

Thursday, February 15

10 a.m.—Meeting of N.C.A. Budget Committee, Headquarters Suite, Hotel Stevens

2 p.m.—Canning Industry Research, Inc., Room 6, Hotel Stevens

Friday, February 16

9:30 a.m.—Meeting of N.C.A. Home Economics Committee, Room 19, Hotel Stevens

9:30 a.m.—Meeting of N.C.A. Labeling Committee, Room 8, Hotel Stevens

12:30 p.m.—Luncheon meeting, N.C.A. Administrative Council, North Assembly Room, Hotel Stevens

1:30 p.m.—Meeting of N.C.A. Buildings Committee, Room 19, Hotel Stevens

1:30 p.m.—Meeting of N.C.A. Convention Committee, Room 8, Hotel Stevens

2:00 p.m.—Meeting of Officers and Directors, Peanut Butter Manufacturers Association, Morrison Hotel

7:30 p.m.—Meeting of N.C.A. Raw Products Committee, Room 8, Hotel Stevens

Saturday, February 17

9 a.m.-6 p.m.—Machinery and Supplies Exhibit, Exhibit Hall and Ballroom floor, Hotel Stevens

9:30 a.m.—Morning session, N.C.A. Board of Directors, West Ballroom, Hotel Stevens

10 a.m.—General Session, Peanut Butter Manufacturers Association, Morrison Hotel

12:30 p.m.—N.C.A. Board of Directors Luncheon, South Ballroom, Hotel Stevens

1:30 p.m.—Special N.C.A. War Mobilization Session, North Ballroom, Hotel Stevens

6 p.m.—Dinner for State Secretaries, Room 1, Hotel Stevens

6:30 p.m.—Old Guard Reception and Dinner, North Assembly and North Ballroom, Hotel Stevens

7 p.m.—Meeting of N.C.A. Resolutions Committee, Room 21, Hotel Stevens

7 p.m.—N.C.A. Research Advisory Committee Smoker, Room 4, Hotel Stevens

Sunday, February 18

9 a.m.—Meeting of N.C.A. Nominating Committee, North Assembly Room, Hotel Stevens

9:30 a.m.—Meeting of N.C.A. Statistics Committee, Room 8, Hotel Stevens

9:30 a.m.—Meeting of N.C.A. Legislative Committee, Room 10, Hotel Stevens

10 a.m.—Meeting of Officers and Members of Executive Committee, National Preservers Association, Morrison Hotel

10 a.m.—Annual meeting, C.M.&S.A., West Ballroom, Hotel Stevens

10 a.m.-12:30 p.m.—Directors' meeting, Associated Independent Canners, Inc., Room 9, Hotel Stevens

12 m.—Luncheon meeting, N.C.A. Claims Committee, Room 6, Hotel Stevens

12 m.-6 p.m.—Machinery and Supplies Exhibit, Exhibit Hall and Ballroom floor, Hotel Stevens

1:30 p.m.—General Session of N.C.A., North Ballroom, Hotel Stevens

1:30 p.m.—Business meeting, National Food Brokers Association, Grand Ballroom, Palmer House

4 p.m.—Meeting of N.C.A. Fishery Products Committee, Room 8, Hotel Stevens

Monday, February 19

9 a.m.—N.C.A. Raw Products Conference, North Assembly Room, Hotel Stevens

9 a.m.-6 p.m—Machinery and Supplies Exhibit, Exhibit Hall and Ballroom floor, Hotel Stevens

9:30 a.m.—N.C.A. Canning Problems Conference, Room 2, Hotel Stevens

9:30 a.m.-4:30 p.m.—General meeting, National Kraut Packers Association, Room 4, Hotel Stevens

10 a.m.—General Session, National Preservers Association, Morrison Hotel

2 p.m.—N.C.A. Raw Products Conference, North Assembly Room, Hotel Stevens

2 p.m.—N.C.A. Canning Problems Conference, Room 2, Hotel Stevens

7 p.m.—N.C.A. Raw Products Smoker, North Assembly Room, Hotel Stevens

7 p.m.—Young Guard Dinner, Boulevard Room, Morrison Hotel

7 p.m.—Annual N.F.B.A. Banquet, Grand Ballroom, Palmer House

Tuesday, February 20

9 a.m.-6 p.m.—Machinery and Supplies Exhibit, Exhibit Hall and Ballroom floor, Hotel Stevens

9:30 a.m.—Joint N.C.A. Raw Products and Research Laboratories Conference, South Ballroom, Hotel Stevens

10 a.m.—Technical Meeting, National Preservers Association, Morrison Hotel

2-5 p.m.—Annual Meeting, Associated Independent Canners, Inc., Room 2, Hotel Stevens

2 p.m.—N.C.A. Fishery Products Conference, North Assembly Room, Hotel Stevens

7 p.m.—Annual Dinner Dance, under auspices of Canning Machinery & Supplies Association, Grand Ballroom, Palmer House

Wednesday, February 21

9 a.m.-3 p.m.—Machinery and Supplies Exhibit, Exhibit Hall and Ballroom floor, Hotel Stevens

Thursday, February 22

9 a.m.-12 m.—Meetings of Standing Committees, National Pickle Packers Association, Sheraton Hotel

12:15 p.m.—Luncheon meeting of Committees, Officers and Board of Directors, National Pickle Packers Association, Suite 816, Sheraton Hotel

1:30-5 p.m.—Board of Directors meeting, National Pickle Packers Association, Suite 815, Sheraton Hotel

6 p.m.—Cocktail party and Dinner Dance, National Pickle Packers Association, Sheraton Hotel

Friday, February 23

10 a.m.-5 p.m.—General Session, National Pickle Packers Association, Sheraton Hotel

PROCUREMENT

QMC Field Buyers

A fifth field buyer has been employed by the Chicago Quartermaster Purchasing Office. He is Cornell Shirtz of Hilton, N. Y., who will make contact with canners in that area.

The four field buyers engaged by the Chicago QMPO last fall are Ben A. Fowler, 906 E. Reynolds St., Goshen, Ind.; Richard P. Byrne, 4209 Lowell Drive, Pikesville, Md.; Kenneth E. Benson, 4223 N. 48th St., Milwaukee, Wis.; and E. J. Bendtschneider, 722 S. 23rd St., Fort Smith, Ark.

DEFENSE

ODM Staff Organization

Herbert A. Bergson has been appointed general counsel of the Office of Defense Mobilization and Fred Searls, Jr., has been named assistant to the Director of Defense Mobilization. Both will serve without compensation.

Mr. Bergson formerly was Assistant Attorney General in charge of the Anti-Trust Division of the Justice Department. Mr. Searls, president of the Newmont Mining Corporation of New York, will specialize in materials problems.

Defense Production Authority

(Concluded from page 1)

tion Act thus has at the top the Office of Defense Mobilization, headed by Charles E. Wilson, to formulate policy and coordinate. The Defense Mobilization Board will advise Mr. Wilson.

Coordinating the production phase of the program is the Defense Production Administration, headed by Mr. Harrison, who had organized the National Production Authority in the Commerce Department. Mr. Harrison, as Defense Production Administrator, has been given all of the powers over priorities, allocations, requisitioning, loans, purchasing, and certification of accelerated tax amortization.

In connection with the DPA, Mr. Wilson stated:

"Under this plan of organization, the Office of Defense Mobilization will determine general policies very much like the Office of War Mobilization did in World War II, and the Defense Production Administration will have about the same powers as did the former War Production Board. However, while WPB conducted both programming and operating in its own name, the new Administration will concentrate on programming and will delegate back to the operating agencies the actual administration functions which they now perform.

"For instance, the National Production Authority of the Commerce Department has heretofore had both programming and administrative powers over industrial priorities and allocations. These powers are now transferred to the Defense Production Administration, but the actual issuance of orders after approval by DPA, etc., will be continued by NPA. Therefore, the change in organization will not disrupt the channels through which the public and industry have been dealing."

Mr. Wilson's statement also said that if civilian supply of essential goods becomes a more serious problem, "it is intended that a separate agency will be created for this purpose."

In the Executive Order, Section 3 deals with food supply. It is quoted:

"Section 3. (a) Whenever the available supply of any food is insufficient to meet all needs therefor the Administrator and the Secretary of Agriculture shall jointly determine the division to be made of the available supply of such food as between food for industrial needs and food for human and animal consumption.

"(b) In the event of any difference of view between the Administrator and the Secretary of Agriculture relating to the execution of section 3(a) above, or in the event of any difference in view arising between the Secretary of Agriculture and any other officer or agency of the Government in the administration of functions under the Defense Production Act of 1950 with respect to food or facilities therefor, such difference of view shall be submitted to the Director of Defense Mobilization for decision."

Michael V. DiSalle

(Concluded from page 1)

by President Truman on November 30. Following his appointment, he resigned from his second term as mayor of Toledo.

Mr. DiSalle began his practice in Toledo as an attorney for the Home Owners Loan Corporation. His first public office came as a member of the Ohio State Legislature in the 1930's, and he has been a member of the Toledo City Council since 1941. During his administration the City of Toledo has paid off its entire indebtedness.

He gained national recognition for his formation and sponsorship of the Toledo Labor-Management Citizens Committee, which has been acclaimed as a major factor in insuring industrial peace in Toledo industries during the past several years. The plan has been adopted by a number of other cities and has been mentioned as a model for a national mediation formula.

Mr. DiSalle has long been interested in the problems of small business and was himself associated with his father in the latter's firm, the DiSalle Electroplating Company of Toledo.

ESA Regional Offices

Preliminary plans for establishment of regional offices of the Economic Stabilization Agency are being drawn up but inauguration of general field operations is not expected immediately, ESA has announced.

Each regional office will have officials to handle price and wage problems and appeals for its area. ESA hopes to open most of the regional offices this month, staffed at the beginning by administrative personnel on temporary loan from other federal agencies.

The location of various district offices to operate under the regional headquarters has not been determined. The 13 regional offices and the states to be served:

BOSTON—Conn., Me., Mass., R. I., and Vt. NEW YORK CITY—N. J. and N. Y. PHILADELPHIA—Del. and Pa. RICHMOND—Md., N. C., Va., W. Va., and D. C. ATLANTA—Ala., Fla., Ga., Miss., S.C., and Tenn.

CLEVELAND—Ky., Mich., and Ohio. CHICAGO—Ill., Ind., and Wis. MINNEAPOLIS—Minn., Mont., N. D., and S. D. KANSAS CITY—Iowa, Kans., Mo., and Nebr. DALLAS—Ark., La., Okla., and Tex.

DENVER—Colo., N. M., Utah, and Wyo. SAN FRANCISCO—Ariz., Calif., and Nev. SEATTLE—Idaho, Ore., and Wash.

DEATH

Col. Clifford C. Wagner

Col. Clifford C. Wagner, 44, Chief of the Subsistence Branch of the Supply Division in the Office of the Quartermaster General, died suddenly of a heart attack on December 29. Colonel Wagner had headed the Subsistence Branch since July, 1949. He had attended several of the conventions of state canners associations last fall and was known by many canners.

Col. R. F. Hartman is serving as Acting Chief of the Subsistence Branch.

ESA Pricing Standards

(Concluded from page 1)

1946-1949. Similarly, if such advances in raw material costs make a particular processed commodity unprofitable to the processor, he may increase his price on that commodity even though his net over-all profits compare favorably with the general earnings standards. Such increases, however, should not exceed (a) an amount necessary to make the product profitable, or (b) the amount of the increase in the cost of direct wages or raw materials going into the product, whichever is lower.

"(b) *Food Distributors.* The Standards do not preclude increases in the prices or gross margins of food distributors, whether required by price advances of agricultural commodities which are passed along to distributors by their suppliers, or by other factors, provided that such increases in gross margins are necessary to protect the distributor's average net dollar profits before taxes as of the period 1946-1949. If, however, despite such advances in his costs, the distributor's net dollar profits before taxes are equal to or in excess of his average net dollar profits before taxes in the period 1946-1949, his margins may not be increased above his June 1950 margins.

"Food distributors may base price increases only on actual costs paid and not on market or replacement costs. In this way they can make an important contribution to stabilization at a time when voluntary action of all kinds is necessary in the public interest."

CONGRESS

War Powers Act

The House and Senate on January 2 passed and sent to the President S. 4266, to amend and extend Title II of the First War Powers Act of 1941. The bill had already been passed by the Senate. It was amended by the House and the Senate adopted the House version.

The effect of the bill is to give the defense agencies the power, within limitations to be prescribed by the President, to readjust existing contracts in order that defense procurement will not be held up through rises in the cost of raw materials which place government contractors in an embarrassed position. In a sense, it will permit on-the-spot renegotiation in an upward direction although application of the true renegotiation measures at a later date may again result in readjustment downward.

STATISTICS

Wholesale Distributor Stocks of Canned Foods

A summary showing wholesale distributor and canner stocks of specified canned foods, compiled by the Bureau of the Census and combining canners' stock totals of the N.C.A.'s Division of Statistics, is shown below:

Wholesale Distributor and Canner Stocks of Specified Canned Foods

(Includes warehouses of retail food chains)

Commodity	December 1, 1950		November 1, 1950		December 1, 1949	
	Distributors	Canners	Distributors	Canners	Distributors	Canners
	(Thousands of actual cases)					
Vegetables:						
Beans, green and wax	4,767	na	4,981	na	4,042	na
Corn	8,763	15,988	8,248	18,843	6,660	26,965
Peas	8,135	14,740	8,650	16,766	6,628	13,909
Tomatoes	6,768	na	6,572	na	5,717	11,109
Fruits:						
Apricots	1,194	1,619	1,220	1,906	1,010	1,942
Fruit cocktail [1]	3,023	5,442	3,098	6,206	1,902	7,926
Peaches	6,825	7,161	6,269	8,387	4,772	13,348
Pears	1,253	na	1,053	na	1,155	3,666
Pineapple	6,141	4,209	5,771	4,794	3,100	5,474
Juices:						
Tomato [2]	4,621	.....	4,706	na	3,367	15,917
Grapefruit [3]	991	1,536	1,091	849	322	67
Orange [3]	1,343	3,684	1,635	694	839	1,459
Citrus blend [3]	618	1,091	696	700	312	336
Pineapple	2,570	5,462	2,498	5,588	1,452	4,323

na—Not available. [1] Includes fruit for salad and mixed fruits (except citrus). [2] Canners' stocks cover Florida only; reported on No. 2 basis—not actual cases. [3] Includes also vegetable juice combinations containing at least 70 per cent tomato juice.

Source of canners' stocks: National Canners Association, Pineapple Growers Association of Hawaii, and Florida Canners Association.

Corn Stocks and Shipments

A report on canners' stocks and shipments of canned corn has been compiled by the Association's Division of Statistics, and a complete report has been mailed to canners packing that item.

Canned Corn Stocks and Shipments

	1949-50	1950-51
	(actual cases)	
Carryover, Aug. 1	4,112,712	6,466,680
Pack	33,138,318	21,645,243
Total supply	37,251,030	28,111,923
Stocks, Dec. 1	26,967,706	15,988,421
Shipments during Nov.	2,062,521	2,854,397
Shipments, Aug. 1 to Dec. 1	10,283,324	12,123,502

TABLE OF CONTENTS

PAGE

Defense

ESA interprets voluntary fair pricing standards with respect to food processors and distributors 1

Authority over production and allocation of food remains in Secretary of Agriculture under new defense set-up 1

NPA studies order limiting tin in collapsible tubes 1

ODM staff organization 3

ESA regional offices 3

Information Letter

Annual index 1

PAGE

Convention

DiSalle, Convention speaker, given full pricing authority 1

Schedule of principal events of the 1951 Convention 2

Congress

War powers act 4

Excess profits tax 1

Procurement

QMC field buyers 3

Death

Col. Clifford C. Wagner 3

Statistics

Wholesale distributor stocks of canned foods 4

Corn stocks and shipments 4